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BEFORE THE
FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON, D.C. 20554

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

In the Matter of

Implementation of Section 309(j)
of the Communications Act
Competitive Bidding

PP Docket No. 93-253

REPLY COMMENTS OF J. BRUCE LLEWELLYN

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November 30, 1993

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I, J. Bruce Llewellyn, submit these reply comments for consideration in the above-captioned Notice of Proposed Rulemaking regarding use of competitive bidding procedures to award licenses for radio spectrum. As an African-American businessman, and as Chairman of the Board and Chief Executive Officer of both Queen City Broadcasting, Inc., and Garden State Cablevision, Inc., I am acutely aware of the challenges that will face minority-controlled entities seeking to participate in the development of Personal Communications Services. From this perspective, I would like to address two aspects of the Commission's proposals for creating preferences for minorities and other so-called "designated entities" in the licensing of spectrum for PCS.

First, it is important that minority-controlled entities should qualify for preferences regardless of size. It is my understanding that Congress, in passing legislation authorizing the Commission to conduct spectrum auctions, directed the Commission to adopt rules that would enable participation in PCS and other

spectrum-based businesses by four designated groups: small businesses, rural telephone companies, minority-owned businesses, and women-owned businesses. I also understand that the Commission has asked for comment on whether its responsibility toward minority-controlled businesses could be satisfied by affording preferences only to small businesses and other small entities, and that some parties have taken the position that only small minority-owned businesses should qualify for preferences.

It seems to me that, if Congress has directed the Commission to promote opportunities for small business, rural telephone companies, and minority- and women-controlled businesses, the Commission should do just that. Furthermore, the Commission should reject any suggestion that minority-owned businesses should have to be "small" to qualify for a minority preference. Very few minority firms of any size are currently involved in wireless communications businesses. Particularly in a capital-intensive business like PCS, a minority-owned company must not be required to bear the additional burden of being small to qualify for a Congressionally-mandated minority preference.

Second, the Commission should do whatever it can to encourage formation of joint ventures, partnerships, and other business arrangements between experienced wireless providers and minority-controlled PCS licensees. Setting aside blocks of PCS spectrum for bidding by minority-owned businesses and other designated entities, installment payment plans, and tax certificates are all excellent devices. Access to licenses and access to financing, however, while

essential, are not sufficient to guarantee that, at the end of the day, there will be viable minority participation in the PCS market. Minority entrepreneurs entering this new field must also have the maximum possible access to expertise in wireless communications.

For now, because minorities have such a small presence in this arena, access to expertise may require joining forces with cellular companies and other existing wireless providers. By working with an experienced operator familiar with a particular geographical area, a minority-controlled business would greatly enhance its likelihood of success. Local cellular operators would be very attractive candidates for joint ventures, partnerships or other cooperative arrangements, were they not barred by the Commission's PCS eligibility rules from taking more than a 4.9% interest in an in-market PCS licensee. I urge the Commission to remove this impediment. To promote minority access to important sources of expertise and capital, the Commission should allow any cellular company to own a non-controlling interest in a minority-controlled PCS business, no matter how extensive the overlap between the areas served by the cellular operator and the PCS licensee.

The impending auction of PCS licenses offers members of minority groups the rare opportunity to get in on the ground floor of an exciting new spectrum-based business. By making minority preferences available to all minority-

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controlled businesses, and by allowing minority-controlled entities to form alliances with in-market cellular companies and other experienced wireless operators, the Commission will greatly improve the chances that this opportunity will be realized.

Respectfully submitted,


J. Bruce Lewellyn

November 30, 1993